

Utah State Building Board



MEETING

September 13, 2006

MINUTES

Utah State Building Board Members in attendance:

Larry Jardine, Chair
Kerry Casaday, Vice Chair
Manuel Torres
Mel Sowerby
Steve Bankhead
Cyndi Gilbert
John Nixon, Ex-Officio

DFCM and Guests in attendance:

Robert Franson	Division of Facilities Construction & Management
Kent Beers	Division of Facilities Construction & Management
Shannon Lofgreen	Division of Facilities Construction & Management
Lucas Davis	Division of Facilities Construction & Management
Rich Amon	Governor's Office of Planning and Budget
Steve Allred	Legislative Fiscal Analyst's Office
Representative D. Gregg Buxton	Legislature
Stan Plewe	Dixie State College
Gordon Storrs	Salt Lake Community College
David Tanner	Southern Utah University
Randall Funk	University of Utah
Ken Nye	University of Utah
Darrell Hart	Utah State University
Jim Michaelis	Utah Valley State College
Kevin Hansen	Weber State University
Mark Spencer	Utah System of Higher Education
Kevin Walthers	Utah System of Higher Education
Kirt Michaelis	Utah College of Applied Technology
Jack Hammond	AIA Utah
Rick Stock	Architectural Nexus
Barbara Bruno	Henriksen Butler
Tony Lords	Henriksen Butler
Julee Attig	Jacobsen Construction
Chris Coutts	MHTN Architects
Jackie McGill	Spectrum Engineers
Kim Wixon	Department of Health

On Wednesday, September 13, 2006, the Utah State Building Board held a regularly scheduled meeting at Salt Lake Community College South City Campus, Salt Lake City, Utah. Chair Larry Jardine called the meeting to order at 9:03am. He expressed his appreciation to Salt Lake Community College for hosting the meeting and excused Keith Stepan from the meeting.

☐ **APPROVAL OF MINUTES OF AUGUST 2, 2006**

Chair Jardine sought approval of the meeting minutes of the August 2, 2006, meeting.

MOTION: Manuel Torres moved to accept the meeting minutes of August 2. The motion was seconded by Steve Bankhead and passed unanimously.

☐ **REQUEST FOR CONSIDERATION OF NEW LEGISLATION.....**

Kent Beers stated several requests for legislative changes and new legislation were desired this session including an amendment to Utah Code 63A-5-104. This would increase capital improvement funding from \$1,500,000 up to a capped maximum of \$2,500,000 on any project. It would also increase the addition of new space from \$250,000 to \$500,000.

DFCM also desired to amend the statement in Code 63A-5-206 to read "*State entities may exercise direct supervision over the design and construction of all new facilities, and all alterations, repairs and improvements to existing facilities if the total construction cost, regardless of the funding source, is \$100,000 or less. The State entity must assure compliance with the Division's design, construction, alteration, repair, improvement and code inspection standards, including use of Division forms and contracts.*"

Lynn Hinrichs, DFCM, explained the situations DFCM faces surrounding impact fees and the need for more defined legislation. The present situation allows DFCM to pay connection fees to districts and cities for utility extensions for the facilities. Connection fees are typically quite small and are collected by districts to inspect the connection to the line or utility. Impact fees, which DFCM does not typically pay, are assessed when the infrastructure is impacted in order to provide the utility.

There are many different standards between the districts and cities pertaining to impact fee levels. Statute allows improvement districts to assess impact fees when authorization for a project is given. Since cities and districts typically do not authorize state projects, impact fees are typically not paid. Cities and districts disagree with this interpretation and have become more aggressive and creative in their approach to collect impact fee by attempting to withhold utility services to the building if the impact fee is not paid. DFCM is concerned because several different standards are being implied throughout the state, and they desire some consistency. DFCM proposed a possible solution to the issue is to allow a set rate to pay a fee for services that are provided by utility. This would allow them a standard rate to

incorporate into the Capital Budget Estimates and eliminate debate surrounding the contentious issue. DFCM requested the Legislature determine if the state is subject to impact fees to enable them to build it into the budget, or provide a legal standing if they are exempt.

Alyn Lunceford, DFCM, provided input on the new legislation pertaining to real estate and the determination of high cost leases currently required in statute, which identifies it as any lease that exceeds \$1 million over the life of the lease. When this statute was put in place in 1993 or 1994, DFCM had approximately 400 leases with only two crossing the \$1 million threshold that year. Today there are approximately 54 leases out of 400 that cross that threshold. The increase is due to the average lease rate increasing from \$9.18 to \$15.40 over the last ten years, and the State being several dollars below market value on average for full service leases. The Legislature has also made it more difficult for agencies to receive increased funding for lease rates. They require them to remove the lease rates from their existing program budgets because they are generally funded by federal programs or grants. Over the last 13 years, lease rates have increased by 50%, requiring the state to extend the average lease rates to longer terms.

DFCM asked for the threshold to be changed from \$1 million to \$5 million to allow the number of high cost leases based on the dollar value only to decrease back to the four or five leases it was originally intended to monitor.

Kent Beers stated the proposed amendments would be presented to the Legislature for final determination. He asked the Building Board to offer a vote of support to ask for sponsorship on the legislation.

Chair Jardine sought a motion to support the increase in capital funding allotments, the change in the code requiring agencies and institutions to follow DFCM Design Standards and inspection policies and forms when they are managing the project, new legislation addressing impact fees, and the increase in the lease amounts.

MOTION: Manuel Torres moved to support the new legislation.

Steve Bankhead stated the issue with the impact fees differed in the structure from the others.

MOTION: Steve Bankhead moved that the Building Board encourage the Legislature to address the impact fee issue and support the new legislation. The motion was seconded by Cyndi Gilbert and passed unanimously.

REALLOCATION OF FY 2007 CAPITAL IMPROVEMENT FUNDS AT DIXIE STATE COLLEGE.....

DFCM recommended the Building Board reallocate \$218,200 in FY 2007 Capital

Improvement funding from the North Instructional Building Re-Roof project at Dixie State College to Fire Sprinkler System repairs at Dixie State College.

Kent Beers stated Dixie College recently hired an inspection firm to test the fire sprinkling system at the Cox Auditorium, Smith Computer Center and Burns Arena. All tests failed presenting a life safety situation on campus. Mr. Beers proposed postponing the North Instructional Building Re-Roofing project and reallocating \$218,200 in funding to the fire sprinkling systems upgrade. DFCM's roofing manager inspected the roof at the North Instructional Building and determined it could last another year with some minor patching. Funding for the roofing project will be requested by Dixie next year.

MOTION: Cyndi Gilbert moved reallocation of \$218,200 in capital improvement funds at Dixie State College to fix the Fire Sprinkler System. The motion was seconded by Mel Sowerby and passed unanimously.

❑ REPORT ON DEFERRED MAINTENANCE IDENTIFIED BY THE CONDITION ASSESSMENT PROGRAM.....

Kent Beers discussed a report given to the Executive Appropriations Committee in April showing the progress of the Facilities Condition Assessment Program from 2000 through 2005. In 2000, approximately 36% of state owned buildings were assessed and \$478 million worth of repairs were completed. Year by year additional buildings receiving assessments were added increasing the amount to approximately \$1.3 billion in 2005. The report showed how the \$1.3 billion was distributed for immediate repairs and repairs needing to be completed in the next five to ten years. The table also showed the capital improvement funding allocated since FY2002.

Mr. Beers referred to a chart demonstrating the immediate need over the next two years is anticipated to be \$237 million based on the repairs and improvements identified by DFCM for state owned buildings. At current funding levels, DFCM anticipates they will receive \$130 million from the Legislature over the two year period. While there is still a short fall, Utah is doing better than any state in the nation due to the fixed funding formula established in law to address the highest priority projects.

A final table showed the total 10-year deferred maintenance versus the 10-year capital improvement funding at various levels and the levels of funding expected each year. Mr. Beers commended those with the foresight to put this program in place to take care of our existing buildings.

❑ REPORT OF BOARD OF REGENTS CAPITAL DEVELOPMENT PRIORITIZATION (Q&P) PROCESS

Kevin Walthers, Utah System of Higher Education, explained the report was a culmination of work the Commissioner's Office had done with all of the schools in an attempt to remove

the perceived mysticism out of the process. They had developed space standards for different types of space within the educational institutions.

The qualification score, or the "Q" score within the Q&P process, is based strictly on student count and space standards. The space standards are multiplied by the school's five year projection for FTE to identify how much space each school should have in a given category. The "Q" score will give the calculated gap minus the school's inventory and request.

The "P" score is obtained by compiling life safety points, points for donations, and points for functionality. The Regents rely on DFCM's expertise to identify life safety and functional deficiency. Function points are granted when a project's imminent collapse would shut down the campus and no "Q" points can be granted. One donated point is received for every 5% donated of the total cost of the project up to a maximum of 15 points. The Commissioner's Office grants the final determination on qualifying donation points. They have also noted there is a disparity in the 5% of donated money being significantly different between the various campuses.

Steve Bankhead asked how new buildings scored for life safety points and function points. He did not see how new buildings could compete with the existing buildings through the raw "Q" score. He felt the Q&P process favored replacement of replacement or improvement of existing buildings versus campuses with growth problems. Kevin Walthers used UVSC as an example where the process did balance the existing inventory against the growth needs of the system.

Mr. Walthers showed how schools could right-size their projects to improve their scores. Schools could increase their "Q" score by increasing their enrollment, increasing the relationship of FTE to head count, and matching their project to their five-year gap. The schools also needed to ensure optimal utilization and solicit donations.

Mel Sowerby asked if the Regents intended for the gap to have twice the weight on growth over building safety. Mr. Walthers responded only SUU and UVSC had experienced growth, and the other submitted projects included some renovation.

Chair Jardine reminded the Board they would use the Regents "Q" score for the space need score in their prioritization process.

**☐ LONG TERM LEASE REQUEST FOR DEPARTMENT OF CORRECTIONS,
BOARD OF PARDONS AND PAROLE.....**

Alyn Lunceford stated the lease included extensive tenant improvements to the facility to accommodate correctional industry changes and changes in the handling of prisoners.

The Board of Pardons is exiting the current lease at \$19.40/sf and the new lease will start at \$21.12/sf and will be flat for the next ten years. The lease amortizes a significant

amount of tenant improvements and grants the agency the ability to budget for their rent, and is very favorable for this type of agency.

MOTION: Kerry Casaday moved to approve the long term lease request for the Department of Correction, Board of Pardons and Parole. The motion was seconded by Mel Sowerby and passed unanimously.

❑ LONG TERM LEASE REQUEST FOR DEPARTMENT OF PUBLIC SAFETY, DIVISION OF DRIVER LICENSE, AND DEPARTMENT OF STATE TAX COMMISSION, DIVISION OF MOTOR VEHICLES AND DIVISION OF TAXPAYER SERVICES.....

DFCM is currently under construction for a Tax Commission, Division of Motor Vehicles long term lease with Davis County in Farmington. Over the last five years, the Tax Commission has increased its business which has resulted in several complaints from surrounding businesses and customers who feel business is not completed effectively.

The Washington County Division of Motor Vehicles is currently located in a building in downtown St. George in 1300-1500 square feet which is very inefficiently laid out. The county has agreed to build a building for the Tax Commission, Division of Motor Vehicles and one for the Department of Public Safety, Division of Driver License. The terms on these two buildings are for 10 years with a 10 year renewal option, and the rate will be fixed for the next ten years. The rate on the Tax Commission lease will be for \$18.10/sf, and the rate on the lease for the Division of Driver License will be for \$17.50/sf with both being based on the need tenant improvements to build-out. The leases are favorable rates for Washington County, and are significantly below market cost and cost per square foot. Additionally, they will address both the space and parking needs.

MOTION: Cyndi Gilbert moved approval of the two leases in the Washington County Regional Park Complex. The motion was seconded by Mel Sowerby and passed unanimously.

❑ MODIFICATIONS TO SOUTHERN UTAH UNIVERSITY CAMPUS MASTER PLAN

David Tanner, Southern Utah University, distributed a handout providing a brief overview of the campus. The last update occurred over four years ago.

SUU has tried to preserve the intimacy and the scale that makes SUU a distinct environment through updating their master plan. They have attempted to foster a sense of community by enhancing the ties with Cedar City, while creating a distinction through signage. There are 81 University owned buildings on 1.1 million square feet spanning over 135 acres on the campus.

Mr. Tanner explained the next likely opportunity for a master plan change will occur with the new President and their vision. The next likely capital development project SUU will

submit is the Science Center Addition, and the Teacher Education Building is currently underway. Other current initiatives include xeriscaping, which was done to allow for water savings on the campus and has totaled 2.4 million gallons per/acre, per/year. It has been a significant contribution to eliminate the heavily watered areas.

The Shakespeare Festival project is comprised of about eight acres. Their future vision is currently in schematic design and includes creation of an Elizabethan theatre, scene studios, and black box theatres. The proposed retail space would be done by private developers and those discussions are ongoing. The Shakespeare project provides SUU students a great opportunity to work in a professional environment in equipped facilities.

MOTION: Cyndi Gilbert moved approval of the modified Southern Utah University master plan. The motion was seconded by Steve Bankhead and passed unanimously.

❑ APPROVAL OF PROGRAM FOR PROPOSED USU COLLEGE OF EDUCATION CENTER FOR EARLY CHILDHOOD STUDIES

Darrell Hart, Utah State University, stated when USU constructed the Emma Eccles Jones Early Childhood Center, they recognized the opportunity to develop an early childhood studies facility for the College of Education. They hoped to construct a 40-60,000 square foot facility and have been working with the donor foundation to acquire planning and additional design money.

MOTION: Manuel Torres moved to approve programming for the early childhood studies facility. The motion was seconded by Cyndi Gilbert and passed unanimously.

❑ ADMINISTRATIVE REPORTS FOR UNIVERSITY OF UTAH AND UTAH STATE UNIVERSITY

Randall Funk, University of Utah, provided the administrative report for the period of July 14 through August 25, 2006. Five new design agreements, one programming agreement and one study agreement were awarded for the period. There were also four new remodeling contracts awarded this period.

All 2007 allocations were added to the statewide account and the improvements account. One transfer occurred into the Contingency Reserve Fund for the 2007 Contingency, and one transfer occurred out of the fund for the MEB, Governor's Engineering Initiative.

MOTION: Cyndi Gilbert moved to approve the administrative report for the University of Utah. The motion was seconded by Steve Bankhead and passed unanimously.

Ken Nye, University of Utah, stated DFCM previously clarified policies pertaining to the two

universities with delegation authority to manage their capital improvement projects involving the ability to transfer funds between projects.

The University of Utah was struggle to resolve some of their older projects which were funded at a time when funding was not available to hire an engineer to verify the scope of a cost estimate for a project before it was funded. As a result, there were some projects where the funding level did not match up with the work needing to be done. Therefore, the University asked the Board to approve reallocation of savings on some projects that came in under budget to go toward two projects that came in substantially above budget, along with three new items. A letter was provided outlining the reallocation of funds. The three new proposed projects included the Eyring Chemistry Chiller Capacity Enhancement, the Social and Behavioral Science Sewer Main Repair, and Scoping Studies for FY08 Capital Improvement requests.

Kent Beers added that DFCM is moving towards having capital improvement fund projects more pre-designed, pre-engineered, and pre-studied prior to the funding process in order to obtain better cost estimates prior to the improvement cycle. DFCM was supportive of the University of Utah's efforts in this area.

MOTION: Steve Bankhead moved to approve the reallocation of capital improvement funds at the University of Utah. The motion was seconded by Kerry Casaday and passed unanimously.

Darrell Hart, Utah State University, provided the administrative report for the period of July 12 to August 23, 2006. There was one CM/GC agreement awarded for the Agricultural Building Relocation, and one increase in the Contingency Reserve Fund due to the FY 2007 projects. Five projects were closed, 20 were in progress, and three were new.

Mr. Hart reminded the Board of the Housing Parking project they started a few months ago. They were hopeful the residential halls would be ready for the fall semester, however, several problems occurred on the project and a pre-settled agreement was worked out for the liquidated damages. The contractor provided a scholarship amount of \$300,000, which was \$100,000 for each of the buildings. They turned the money into scholarships for the students slated to reside in the buildings as compensation for having to move twice. They will receive \$96,000 for a fourth building, and are turning that into scholarships as well.

MOTION: Manuel Torres moved to approve the administrative report for Utah State University. The motion was seconded by Cyndi Gilbert and passed unanimously.

❑ ADMINISTRATIVE REPORTS FOR DFCM

Kent Beers provided the administrative report for DFCM. There were three new leases reported for the period including leases for the Law, Legislation and Educational Services, the DHS Juvenile Justice Services in Logan, and a short term lease to house the DMV

while the County owned building is rebuilt.

There were 30 architect/engineering agreements awarded. There were 37 construction contracts awarded including contracts for the Uintah Basic ATC Storage Building Addition, the Developmental Center Evergreen Building Chiller Replacement, and the WSU Computer Center Electrical and A/C Upgrades.

The Contingency Reserve Fund had two decreases including one for the DNR Fire Management Service Building and the WSU Swenson Building Remodel.

☐ ADJOURNMENT

Gordon Storrs, Salt Lake Community College, reviewed the presentation for SLCC's capital development project. The Board retreated to another room to discuss the project and have lunch.

MOTION: Mel Sowerby moved to adjourn at 10:50am. The motion was seconded by Kerry Casaday and passed unanimously.